G. R. S. IX-5]

Previous references.

L. C-21-16

Later references.

191

(Legislative) Council

File No. 16-17

Serial Nos. Misfapers.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 24

Part B for

SUBJECT.

Motion by Mr M. Krishnamurthy Rao to amend the Mysore Cooperative Societies Bill

G.R.S. III–3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Ghis/1100-1) Letter dated 6th Feb: 1918 from Mr Karnik Krishnamurthy Rao forwards notice of certain amendments proposed to be moved by him to the cooperative societies Bill in the L.C. As the Bill has been sheen against the first member and he is not attending the meeting dated 21/2/18 this will be kept in the file and included in the agenda for a subsequent meeting when that Bill also comes up

7/2/18 MK YV

~~Noi ready to be completed~~

~~Been issued~~ 2. Please put up draft Bill and copy of the Bill as amended by the Select committee.

05100

8 JUN 1918

3. Subd. with the copies

7/2/18 MK.

4. The Bill is in charge of the first member, and as he will not attend the next meeting, this will lie over.

GRSM. SL.469.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III–3]

qai 1100-17

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

under Rule 2 of the Rules of Business, all matters of which notice is given shall be entered in the Statement of Business prepared by the Secretary. So the matters have to be entered in the agenda. The question will then arise whether Govt. have to accept the amendments or oppose them. The amendments have likewise to be discussed among themselves of Govt. This will be obtained before ~~[illegible]~~ Govt. in 3 or 4 days

EB.
3/2

2731
8/2/18

First Meeting

5. Is this Idea included in the agenda ? If not then it may be over

6. will not be included in the agenda.
EB 9/2

4/2
9/2
EB

Resubmitted as ordered.

7/5/18

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Sir, favours of remarks on the proposed amendments.

GRSM. SL.469.

EB
7/5

B VI)

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

9. 1) The underlined portion of section 5(a) seems superfluous or unnecessary as the object in view can well be attained by the terms of Rules under clause (d) of Section 43.

10. 2) Within of Section 11. also unnecessary as such details can provide for this by rules framed under cl(c) of Sect 43.

11. 3) Do are which appears this likewise followed a Note for consideration whether this can be accepted at present.

12. 4) Depends on the acceptance of proposal in 2(3)

13. 5) Instead of adding separate clause, the modifications in the matter can be made in the existing clause

14. 6) Reason to be shown in application for exemption from stamp duty

15 7) The addition proposed may be accepted.

16 8) This raises the question of

...en on small slips the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

Serial No.

Grant of loans to individual members of Central Co-operative Societies ~~&c~~ registered as ~~shareholders~~ members. His opinion is divided on the point. It is a point for consideration whether the addition can be accepted at present.

17. (9) The amendment proposed seems to be provided for by the proviso to section 33

7/5/18

18. Section 50 proposed relates to default — now governed by suitable orders of the Registrar where necessary

19. Proposed clause 2 to Section 11 unnecessary. The matter is such as to be provided for in the bye-laws of each bank and settled at the general meeting referred to.

20. The third proposal relates to detail. It is obviously the outcome of the conference on the point between the Central and Provincial Banks.

21. As to the fourth proposed change the same remarks apply

22. The fifth proposal relates to detail.

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

Mis 1348-17
E&A

5

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

23. As to VI this concession is rightly extended only to members of Societies. Depositors should as a rule be satisfied with the interest on their deposits and the security afforded by the bank for their investment.

24. Proposal VII may perhaps be accepted.

Prop. VIII relates to detail and is the outcome of the controversy between the Central & Pres. Banks

25. Prop... is not acceptable the section as now worded makes a minimum of 25% of the net profits go to the reserve this is necessary for the safety of a concern if the amendment proposed is accepted it is possible to conceive cases when nothing would be available for going to the reserve fund - unless the Reg. lays down the rate of interest for each society every year which is impossible.

Secy E&A.

Rw 16/5

26. I agree with the above note of the Hon'ble Secy

2nd member

14/5/18

Rw 15/5/18

27. Govt advocate may kindly be consulted Rd 16/5

28. Forwarded w. with compliments to the Govt Advocate for favour of remarks

M. Venkatasubbayyar for Secy E&A

20/5/18

73
20.5.18.

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.. 29.

UD. No. 66 / 28.5.18

REG. SEC. VI
30 MAY 1918

I

I am not certain if the proposed amendment enunciates any principle which the Policy of the Regulation will admit of don't know if it will be a good policy to exclude from Membership on the ground suggested in the amendment if in other respects the person is duly qualified assuming that the principle good it is doubtful whether proposed restriction will suit every kind of Co-operative Society and if it does I agree that the proper place where it should be found is in the rules framed under Sec 43 of Reg". & in the by-laws of the Society & not in the Reg

It may perhaps be urged that the members of the Leg Council will have no voice in the framing of the rules but as the rules will be published before they are brought into force an opportunity will be afforded to the Members to

NOTE.—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

ND 1283—GPB—60,000—1-12-16—S.

G. R. S. III-2]

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to send up suggestions for the Consideration of Govt.

30. II. Sec 11 - add! clause & Explanation

I see no objection to the principle involved but for the reasons given above this must be assigned to the rule making authority. For obvious reasons the Labour provisions of the Company's Regn. are Considered unsuited to Cooperative Societies. While some of the provisions of Company law have with the necessary modifications been Embodied in the Cooperative Societies Regn. Some others have been left to the rules Section in order to have that elasticity which may be necessary to make them adaptable to the various Societies according to their nature and exigencies -

31. (III). Sec 13.

This amendment involves two matters (1) Voting of members & (2) Voting by proxy.

(1) Voting of members

on the question of Each member

NOTE—Contn. sheet.

1283—GPB—60.CCC—1-12-16—S.

Serial No.

having only one vote irrespective of his liability being limited or unlimited Opinion is devided. We preferred in the Select Comtee to adopt the principle of giving to Societies the option to prescribe by their by-laws one vote to members with limited liability & our reasons Chiefly were:

(a) that in unlimited liability Societies the liability being equal the Control must also be equal whereas in limited liability Societies the liability being varying the Control may also vary.

(b) that as rec. 6 provides for restrictions on the interests of a member with limited liability there was no fear of one member securing any undue Control.

(c) that in the existing Regn. now in force as well as in act II of 1912 which is in force in British India there is a similar provision & the

NOTE—Contn. sheet.

D 1283—GPB—60,000—1-12-16—S.

Serial No.

attention of the Select Comᵉᵉ was not drawn to any hardship that was or would be felt if the regulation was not amended in the manner suggested

& (d) that if in any respect of any particular class of Societies for example the Central Banks with limited liability it was considered inexpedient to give a plurality of votes the by-laws of such societies may ~~be~~ need not prescribe more than one vote for each member.

32. I am not yet convinced that the principle which the Select Comᵉᵉ preferred to adopt is wrong.

33. (2) Voting by proxy.

The principle contained in the amendment suggested with ref^ce to sub cl^s (1) & (2) of cl 13 that no voting by proxy shall be allowed is correct enough - the clause however need not be amended as it is a well known principle

NOTE—Contn. sheet.

D 1233—GPB—60,000—1-12-16—S.

11

G. R. S. III-2]

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	the Savings Bank nor the Insurance Dept is analogous to a friendly or Co-operative Society
36.	(vi) cl 28. (b) For the reasons given in (V) I am not in favour of the amendment proposed.
37.	(vii) cl 29. There is no objection as far as I can see to accepting the principle of the amendment, the language however requires revision: see 29 A
38.	(viii) I am unable to comprehend the exact significance of this rather cumbersome addition. If the object is to prevent Societies formed for the purpose of facilitating the operations of other Societies enrolling individual members, the Registrar has power to effectuate it before the registration of such Societies containing or their bye-laws.-
39.	(ix) The sec 33. The proposed amendment of

NOTE—Contn. sheet.

G. R. S. 12]

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accepted with the place the Shareholders on the same footing as the creditors of a Society. Building up a reserve fund is far more essential in a Co-operative Concern than the distribution of profits — though 8% ed interest — to the members thereof. I am not in favour of the amendment.

25-5-18. Advocate

40. The file may be returned (Br III) The opinion expressed by the Advocate practically coincides with those I have already expressed

31/5. (Br III)

31/5

31/5

Subs.

31/5/18

41. Submitted for orders

25/5/18

25. 5. 18.

Second Member

42. I do like the Registration of Co-operative Societies cancelled un-officially now. Rees 5.6.18

GPB—70,000—17-12-15

9 Sim 1100-17

13

G. R. S. III-2]

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Rs. 1,00,5100

G.O. No. 928-17

Dy. 5. 6. 18.

8 JUN 1918

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43	Forwarded unofficially with compliments to the Registrar of Cooperative Societies for favour of opinion By order C Sunniwanden Jr Chief Secretary 5/18 to Govt.

suitable restrictions under Clause.d. of Section 40 whenever they find the necessity.

48. 2. Majority required for amendments of byelaws.

It is not clear to me what Mr. Krishnamurthi's amendment is. If he means that no amendment of the kind enumerated by him should be valid unless a majority of the members of a society agree to it, I must say it is in most cases impossible to secure such a majority. I may point out that till Sometime ago an amendment was required to secure the assent of one third of the total members of a society but this was found unworkable and the Government had to change the majority to one of two thirds of those present at a meeting. If, on the other hand, he means that the amendment should be passed by a majority of those present at a general meeting, I should point out that the Bill as it stands makes ample provision on this behalf.

49 Under the present Regulation as also under the Bill, an amendment has to satisfy the following conditions before it can be binding.--

i. It has to be passed at a general meeting.

ii. The general meeting should contain the quorum required by the byelaws.

iii. The amendment has to be passed by at least two-thirds of those present, and

iv. It has to be approved by the Registrar.

I consider that those conditions are quite sufficient to prevent reckless or injurious change of bye-laws, and I think the amendment is unnecessary.

50 3. One vote per member.

The question of the number of votes admissible to a member arises only with regard to societies with limited liability, and I should be glad if Mr. Krishna Murthi's

16

Krishna Murthi's suggestion is accepted as it will prevent a small number of members from having a predominating voice in the management of a society. From a strictly Co-operative point of view, the members of a Co-operative Society should have equal rights and privileges and should be treated on a footing of perfec equality. The poorer members should be given as much voice in the management of the society as the richer members. The character of a member and not the extent of his holding should decide the part he should play in the society's affairs. But, for the reasons given by the Government Advocate in his note above, this view has not been accepted in the present bill nor in the British Indian Act.

51. I would suggest, however, that a maximum number of 4 votes may be imposed by the Regulation itself instead of leaving it to the societies. This will not be a violent departure from the existing practice and it will, at the same time, be a step in the right direction.

52. Voting by proxy should be allowed.

53 4. Substitution of the word representative for the word proxy.

I agree with the Government Advocate and think no change is required.

54. 5. Transferring a deposit to the nominee of a deceased depositor.

I see no objection to this little concession to depositors.

55. 6. Exempting depositors from stamp duty.

I see no objection to this amendment being accepted.

It will encourage deposits in Co-operative Societies. Our societies are finding it difficult to attract - deposits, just now and little concessions like this and the previous one will be of considerable help to them in this matter.

56. 7. Grant of loans to depositors on the security of their deposits.

I must totally oppose this suggestion. In both the Secretariat Note and in that of the Government Advocate the opinion is expressed that this amendment may be accepted. I hope it will not be accepted as otherwise a depositor would enjoy all the rights of a member without any of his obligations.

57. 8. Prohibition of loans by Central Societies to individual members.

Here again I am in sympathy with Mr. Krishna Murthi's suggestion. Though the amendment has been made as a result of the controversy between the - Provincial and the Central Banks, the principle itself on which it is based is a sound one. But I fear we cannot at present insist on it. I would therefore suggest that for the present no addition of the kind suggested need be made to the bill.

58. 9. Payment of dividends prior to the setting apart of the reserve fund.

This amendment cannot be accepted. At present the Regulation requires that when the net profits of a society have been calculated, at least 25 per cent should be credited to the reserve fund, the balance being utilized for dividends, rebates, etc. Mr.Krishna Murthi Rao proposes to change this order and to make

dividends

dividends a prior charge on nett profits. For the reasons mentioned in the Secretariat Note and in that of the Government Advocate this cannot be - allowed.

P. Ranga Rao

Bangalore)
)
7th June 1918.) R E G I S T R A R
in charge.

G.R.S. III–3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Seen by the Second Member
Reserved for personal
discussion with the Asst Secy
11/6/18

59 Subd.
8/6/18

160
10.6.18.

2 Members) Ref - Item 42.
11/10/18

After a careful consideration
of the case in all its aspects it
seems to me that there is
force in the amendments proposed
by Mr. K. Krishnamachariar. The
safeguards which he wishes
provided now are admittedly
necessary. But the point which
requires decision is where
this provision has to be made.
As matters stand at present
it is left to the tender mercies
of the makers of Bye-laws to
incorporate them or not, and
if sufficient care is not exercised
in the framing of these in the
Registrar's office, before Registration
of the Society, the checks which

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altogether missing. If however they are embodied in the Regulation itself, it seems to me that it will be right and the elasticity required will be totally wanting. It is necessary that the terms of the Regulation should not be either too rigid or very complicated & so it is desirable to provide for some elasticity & simplicity in it. I think therefore that the Situation can be best met by suitable provision being made in the Rules under the Regulation providing the checks required. The Rules under the Regulation will not be as rigid as the Regulation itself. While possibilities of a loop hole in the Bye-Laws will be effectively prevented.

Recd 14.6.18

14/6/18

In this view, the Amendments will have to be opposed by the Member as soon as they are proposed and a Statement to the above effect made.

16/6/18

(Chaffey)

2nd. member

1st. member

Dewan

NOTE—Contn. sheet.

97 18.6.18

FD A 1789—GPB—60,000—20-3-18-

17/6

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G. R. S. III-2]

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NOTE—Conta. sheet.

WD A 1769—GPB—60,000—26.8.18—S